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UNCLAS VILNIUS 001497

SIPDIS

STATE FOR EB/CIP/BA (TFINTON) AND EUR/NB (MGERMANO)
COMMERCE FOR ITA/MAC/DAS/EUR (JBURGESS)

E.O. 12958: N/A

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SUBJECT: SUCCESS STORY: AT&T AND LITHUANIAN TELECOM
PROVIDER SETTLE RATE DISPUTE

1. Summary. AT&T and Lietuvos Telekomas, Lithuania's largest fixed-line telecommunications service provider, concluded a new mobile call termination agreement, settling a dispute over rates in Lithuania. Telekomas had threatened to block all AT&T incoming traffic if the two failed to arrive at an understanding, despite a framework agreement which requires a six-month notice of change of service. End Summary.

2. AT&T sought assistance in October in resolving a dispute with Telekomas, Lithuania's largest fixed-line telecommunications service provider, over mobile call termination rates. AT&T and Telekomas' rate agreement having expired in June, Telekomas notified the American carrier that it would block all AT&T incoming traffic as of October 15. Mary Hoberman, AT&T Director for International Public Policy, told us that negotiations had broken down because of Telekomas' attempts to raise rates arbitrarily and excessively. She said that the threatened action and, in fact, the warning were in contravention of the companies' framework agreement (ITSA), which requires a six-month notice of change of service. Hoberman described the threatened cut in service as "aggressive" and said the action would result in higher cost and lower quality of service for U.S. and Lithuanian customers as AT&T would have to route calls to Lithuania through other carriers.

3. Our subsequent interventions with the directors of Telekomas' Wholesale and International Carrier Service Departments, including a face-to-face meeting, resulted in the company agreeing not to block AT&T calls and to return to the negotiating table. In November, AT&T and Telekomas concluded a new mobile termination rate agreement.
Kelly